

THE DEWAN replied that the ceiling of the Hall was too high and otherwise, too, difficult for the installation of ceiling fans.

MR. N. SIDDALINGA DEVARU represented that bigger chairs might be provided for the members as the existing ones were too narrow for some of them.

GENERAL DISCUSSION ON THE BUDGET.

In opening the discussion on the budget, MR. H. B. GUNDAPPA said that though at first sight the budget estimates of 1934-35 seemed to show a surplus of Rs. 1,32,000, a detailed examination would show a deficit. A sum of Rs. 5 lakhs had been drawn from the reserves for the purpose of balancing the budget. Not only that. The Government expected an additional revenue of nearly six lakhs of rupees from excise duties on matches and sugar. In all, they had included about 11 lakhs and odd on the receipt side as if they were all normal items. If those items were deducted, the budget would, in reality, be a deficit budget. Of course, the Government had striven hard to reduce their deficit and to that extent, they deserved to be congratulated. But simply because a small surplus was left, Government should not think that all possible economies had been effected. He therefore requested the Government not to rest content with balancing the budget in this manner, but to explore further possibilities of retrenchment and thereby release funds for expenditure on useful items.

Continuing, the member said that for many years past, members of both the Houses had been pressing upon the Government the need for a revision of their industrial policy. So far, their representations did not seem to have been considered by the Government. The Bhadravati Iron Works had always been a losing concern and even for the budget year, the Government had provided a sum of Rs. 2.45 lakhs for meeting losses thereon. To the extent of the losses sustained on account of the Iron Works, important and useful items of work were being sacrificed. At that rate, he asked what the position of the State would be in course of time. So far, a sum of nearly three crores of rupees had been invested on the concern which meant that the 60 lakhs of people in the State had lost at the rate of Rs. 5 per head. They could ill afford to lose any more. So, it was time that Government considered whether the concern should either be

transferred to private agency or shut down, for it was no longer safe to lose 2 to 3 lakhs of rupees every year. On account of low prices of food stuffs and economic depression, the raiyats had been appealing to Government repeatedly for the reduction of assessment, but their request had not been granted even to a slight extent. If, instead of wasting money on this losing concern, the Government had stood by the raiyats in their hour of distress and shown them some concession, they would have earned the sympathies of their subjects.

Similarly, the Silk Weaving Factory and the Central Industrial Workshop did not seem to be working satisfactorily since they yielded little or no profit. The Government Soap Factory, no doubt, was showing profits, but considering the impetus available to Indian industries all round as a result of the *Swadeshi* movement, the profits were not very satisfactory. All these things proved that Government could not take the same interest in industrial concerns as private people did. These concerns, together with the Bhadravati Iron Works, were a big drain on the people and Government should therefore revise their industrial policy and save the people from further losses.

It was in 1923 that the Assembly was given the privilege of passing Resolutions on the Budget, but all the same, it had not been able all these ten years or more to get even one figure in the budget altered as a result of that power. Not even the Legislative Council and the Finance and Taxation Committee were in a position to do anything in that direction. Elsewhere, such committees had considerable powers, but the tale was different in the State. The Assembly was nearly 50 years old and its Diamond Jubilee was already in sight; and yet, if one were to examine in detail how far opinions expressed in the Assembly had influenced decisions of the Government, one would be sorely disappointed. Their resolutions had no effect on the Government and their representations had been a cry in the wilderness. Could the position remain unchanged for long? Times were rapidly changing and important constitutional changes in the administrative machinery of the whole country were fast approaching; democratic ideas were fast gaining ground everywhere. Mysore was naturally aspiring for its due place in the All-India constitution that was soon to come into existence. If this was to happen, the constitutional bodies in the State had to be brought into line with those in British India. As a first step in that direction, Government might appoint non-official

Presidents for the Legislative Council and the Representative Assembly, for which requests had been made on a number of occasions already. Even the Travancore Legislative Council had its own Deputy President. The Assembly had also made repeated representations for the appointment of non-official Executive Councillors. The Mysore Government should respect the feelings of the public in these matters.

THE DEWAN, at this stage, observed that he thought the time of the House could be more usefully employed by the members confining their remarks to financial matters instead of dilating on controversial political questions.

MR. GUNDAPPA, continuing, said that the members had no other opportunity to place their wants and grievances before the Government except in the course of general discussion on the budget. He was anxious that their ambitions should be brought to the notice of His Highness, who had been graciously pleased to indicate the possibilities of further reforms. The Assembly had nearly 260 members, but mere numbers were of no avail. So, it would not matter if the strength of the House was reduced, but what was wanted was that some real powers should be granted to both the Assembly and the Council.

Referring to Local Self-Government, Mr. Gundappa said that though there was some scope for non-officials to show good work in that field, there was too much of interference at the hands of officials who gave them no freedom whatever. Just a few minutes before the discussion on the budget was taken up, there had been loud complaints about the Amildars preventing village panchayets from spending their own funds as they liked. The position of District Boards was worse than that of municipalities. They were not getting any grant from the Government. They could not exercise powers which ordinary municipalities had. There had recently been constituted local education authorities, but they were not allowed to incur any expenditure without calling in the aid of the Public Works Department. Nor had many of them funds enough for executing works. In their review on the administration report of the District Boards in the State, Government had observed that the District Boards were very poor and progress had been held up and unless their resources were improved, all their programmes could not be carried out. That was really the case. And unfortunately there was no scope for them to improve their income as they could not levy any new tax. Taking the case of the Hassan District, for example, he said that out of a total income of

Rs. 1,50,000, nearly Rs. 70,000 had to be handed over to the Public Works Department and Rs. 40,000 to the Medical Department. Excluding the cost of establishment and other expenses, only about Rs. 50,000 would be left for public works which was very inadequate. If, as in Madras, the District Boards were given liberal grants and subventions from time to time, they could work in such a way as to bring credit to the entire Local Self-Government scheme.

Continuing, Mr. Gundappa said that once the local bodies were given certain powers, the Government should allow them to exercise those powers. The Government should have some confidence that the local bodies would discharge their duties faithfully and should not give room for unnecessary official interference, of which there was at present too much.

Referring to communications, Mr. Gundappa said that almost all the roads in the State, State Fund as well as Local Fund, were in a state of utter disrepair. And yet, large sums of money were being spent on one particular road, *viz.*, the Mysore-Bangalore Road, to the prejudice of all the others. He suggested that the Government should devote the same attention to all the roads in the State and especially those in the interior, including feeder roads.

Turning to the question of retrenchment, Mr. Gundappa suggested that (i) the posts of superintending Engineers might be done away with as the grants to the department had been reduced considerably and the department had less work to do; (ii) that the post of the Director of Public Health be abolished, the Senior Surgeon being entrusted with that officer's work as in the past; and (iii) that Government should also abolish other unnecessary posts after examining each case in detail. He also added that in the case of officers drawing Rs. 500 and above, the salary cut should be enhanced.

MR. C. N. NARASINGA RAO, while congratulating the Government on having been able to present a surplus budget at a time of acute financial stringency, said that the budget had been shown as surplus after including as ordinary revenue an extraordinary item of income in the shape of royalty to the extent of about Rs. 10 lakhs resulting from a new agreement with the Kolar Gold Fields. But from a perusal of the Explanatory Memorandum of the Financial Secretary, it was evident that the realisation of this amount was contingent upon the mining companies making very large profits, which was not a certainty. To count upon

such an uncertain item of revenue was not a safe procedure as it might lead to difficulty later on.

Secondly, the Government had expected to realise an income of about Rs. 7 lakhs from excise duties on sugar and matches. If for any reason the Government of India changed their policy and abolished the duty, the revenue of the State would considerably fall. This item of revenue also being uncertain, the State might stand to suffer later on if the anticipations were not fully realised, in which case there would be a deficit of about Rs. 14 lakhs. Therefore, attempts should be made to find this amount in other directions, such as by retrenchments and otherwise. If this was done, the Public Works and other departments whose grants had been reduced very heavily could be provided with additional funds.

In the matter of abolition of the subsidy, he said that the entire State was behind the Government in all its efforts. But subsidy or no subsidy, Federation must come without any delay and in that matter also, the people were with the Government as they had every confidence that Government would put forth their best efforts to make the idea of Federation an accomplished fact. Abolition of the subsidy would then be a necessary corollary.

With reference to the surplus revenues of the Assigned Tract, Mr. Narasinga Rao said that they were getting reduced year by year. Originally the State was getting about Rs. 4½ lakhs from that source, but now the amount had dwindled to Rs. 3 lakhs. The reason was that the Civil and Military Station authorities were increasing the establishments and salaries so that even in case of retrocession, the State would have to pay higher salaries.

As regards Insurance, he said that no definite policy had been pursued by the Government in the past. The Government of India, for example, had passed a legislation to the effect that every insurance company doing business in British India should invest two lakhs of rupees in Government securities. In addition, it must give guaranteed dividends to the shareholders. In the Mysore State there were many outside companies doing business and more companies were still coming in. If a similar legislation was introduced in Mysore also, not only would the securities increase, but fixed dividends and stability of the companies would be guaranteed. Secondly, the foreign companies in the State were at present insisting that succession certificates should be signed by the Resident. They were not accepting

succession certificates issued by the Mysore Magistrates and decisions given by Mysore Law Courts. This, he said, was a humiliation to the State Judiciary. The foreign companies should be made to accept certificates issued by the Mysore Magistrates and decisions given by the Mysore Courts. A similar procedure should be adopted in the case of Probates and Letters of Administration also. By doing so, a large sum of money which was at present going out would be retained within the State.

Referring to the grant to the Bangalore City Municipality, he said that it was being reduced year after year. The two cities were adding to the prestige of the State as a whole; and in return for the grant made to Bangalore City, the State was realising an income of Rs. 20 lakhs. If so, Government should increase the grant to Bangalore City Municipality without, at the same time, reducing the grants to the other districts. For the underground drainage in Bangalore City, Government had promised to give their moiety. The municipality having started the work, the member requested the Government to give effect to that promise.

As regards Education, he said that in the recent public examinations, the percentage of passes was very discouraging. In the Lower Secondary Examination, the percentage was 45, in the S.S.L.C., it was 34 and in the Intermediate Examination, it was 20. He was of opinion that if the instruction imparted was flawless, every one of the candidates should have passed. For the percentage of failures in the Intermediate Examination to be so high as 80, there must have been some serious defects in the system itself. Government should investigate into the matter and remedy the defects.

Referring to the Police Department, he said that for some time past, police officers were coming in for much criticism in the course of judicial decisions and that was more or less an indication that those officers were not doing their duties properly. He said that every possible effort should be made to improve the efficiency as well as the *morale* of the department.

MR. K. M. KRISHNAPPA GOWDA said he was glad that Government had been able to present a balanced budget, but he regretted that sufficient grants had not been provided in the budget for village panchayets. The Dewan, in his very first Address to the Assembly, had laid stress on the necessity for providing a school, a drinking water well, a co-operative society and a dispensary in every village, but

the progress made in these directions was not very much. And so far as elementary education was concerned, the Government had no doubt introduced the Elementary Education Regulation, but that was more a paper scheme and observed more in the breach than in the observance. A period of ten years had been fixed for completely working out the scheme, but four years had elapsed without anything being done. What would be done within the remaining period? Last year, the Government had promised to provide some money for the purpose in the budget under discussion, but this had not been done. For want of education, masses were still steeped in ignorance and there was not even a ray of hope that they could ever attain modern standards of life and living. It was a matter for regret that the Government neither provided the requisite funds for such necessary improvements nor even gave sufficient scope to the District Boards to work out their programmes with the result, that so far, not one additional school could be started anywhere. From the answers given to one of the interpellations put in the House, it was evident that the Government would not allow the village panchayets also to open schools. If the Government could not act up to their promise, it sometimes looked better to abolish the Regulation altogether.

Regarding drinking water wells, Mr. Krishnappa Gowda regretted that those at the helm of the administration who were all born with silver spoons in their mouths, were evidently unable to appreciate all the difficulties of the people. Last year at the request of the members of the House, the grant for drinking water wells was raised from Rs. 50,000 to Rs. 75,000; but to their regret, a sum of Rs. 25,000 had been allowed to lapse. A large amount of money was being spent on officers and their establishments, but only a small fraction of it for the real benefit of those in the villages. While in the cities huge reservoirs had been constructed for water supply at very heavy cost, all the District Board Presidents, the Engineering Officers and the Deputy Commissioners were not able to help many villages with drinking water wells, because they went on opposing one another on technical grounds. If the money sanctioned was entrusted to the District Boards direct, much better progress could be guaranteed and there would be no chance of the amount lapsing.

Continuing, the speaker said that during the Dewanship of Sir M. Visvesvaraya, rural development had received considerable impetus, but for the last 10 or 12 years it had

been neglected, with the result that the raiyat who was the backbone of the State was in a very backward condition. Thus, the State was practically killing the goose that was laying the golden egg. It was necessary for the Government to provide some funds for improvement of the rural areas. They should also provide some grants for the improvement of the Malnad as in the past, in addition to what they were now giving for Malnad dispensaries.

As regards retrenchments, he said that as was pointed out by one of the previous speakers, the posts of Superintending Engineers and the District Health Officers might be abolished. He also added that just as His Highness had been graciously pleased to contribute towards the general revenues from his Privy Purse, the officers of Government also should voluntarily come forward to contribute their share. Government should respect the feelings of the representatives of the people in this matter and give effect to them. Or else, there would be no purpose served by the Assembly which might as well be abolished and a lot of expenditure saved to Government.

For the past two years, the members had been repeatedly representing that land revenue assessments should be reduced. The First Member of Council had given the assurance that if the conditions continued to be the same, Government would think of giving relief to the raiyats. The present condition was worse than what it was when that assurance was given, but still the Government had not moved their little finger to give effect to their promise. Provinces such as Bombay and Madras and even small States like Travancore had given some relief to the raiyats. But Mysore had done absolutely nothing in this direction. While the Mysore Government were always anxious to follow the footsteps of other Governments in all other matters, it was a matter for regret that in the matter of giving relief to the raiyats, a similar step was not taken. Even now he requested that the Government should take the matter into their serious consideration and give some relief to the raiyats at least temporarily. Otherwise matters would go very wrong with the raiyats. The Government might be feeling satisfied that by introducing the Agriculturists Relief Regulation, they had given all the necessary relief to the raiyats. But that was not the truth. The raiyats stood in dire need of further help to tide over the present difficulty and Land Mortgage Banks should be opened in a number of places in the interior as a first measure of relief.

In conclusion, the member suggested that the Government should appoint a committee to investigate into the economic condition of the raiyat.

Khan Bahadur MAHOMED ABBAS KHAN observed that after a series of deficit budgets for the past four years, it was encouraging to find that Government were able this time to place before the House a budget showing a surplus of Rs. 1,32,000. Some members had criticised this surplus as either imaginary or infinitesimal and some others observed that as a matter of fact the budget was a deficit one. But observations of that kind would really be far from the truth as was evident from the fact that in addition to the surplus shown as such, Government had at their credit a sum of Rs. 18,87,000 invested in the debt Equalization Fund and another sum of Rs. 5 lakhs invested in the Railway Sinking Fund. If all these items were added together, there would really be a surplus of about Rs. 25 lakhs.

Certain members interrupted the speaker and pointed out that those investments were made from the normal revenues of a number of years past and could not be regarded as the surplus for any one year.

Khan Bahadur MAHOMED ABBAS KHAN replied that the amount was at the credit of the Government all the same. Even apart from that, the very fact that the budget estimates showed a surplus ought to give satisfaction to one and all, considering that for several years past, deficits were a common feature. He, therefore, congratulated the Government on being able to present a surplus budget.

Referring to the expenditure side, the speaker admitted that the Iron Works were working at a loss continuously for the past several years. But this was no ground for closing down the Works. As there were no signs of improvement in the market for pig iron, Government had thought of manufacturing steel since that would help the concern to pay its way. This, in his opinion, was an experiment well worth undertaking. In this connection, he referred to the outlay on capital works which totalled Rs. 15 crores including Rs. 1·29 crores spent on the Iron Works. Against this amount, the annual net income derived from industrial works was Rs. 3,61,000 and even if the loss incurred on the Iron Works was deducted from this sum, there was still a profit of Rs. 1,16,000 from industrial works.

At this stage, *MR. D. S. MALLAPPA* pointed out that the speaker had failed to take note of the interest chargeable on the capital invested.

Khan Bahadur MAHOMED ABBAS KHAN referred to the receipts under investments in banks amounting to Rs. 27,57,000 which was being realized every year. The Railway Sterling Loan Sinking Fund investment brought in an income of Rs. 5,04,000. And besides these, there was the yield of Rs. 1,55,000 from Advances, etc. In all, the income derived by way of interest came to Rs. 76,87,000. Even from this point of view, the financial position was quite satisfactory.

It was true that on account of deficit budgets in the past, the Government were unable to increase the allotment for expenditure under Education and other useful heads. But it was noteworthy that in spite of unprecedented financial stringency, the Government had not altogether starved popular institutions. And he was confident that when the financial condition of the State improved, Government would allot more funds for all nation-building departments.

He complimented the Government on their being able to pay off the unconverted securities maturing before 1941, amounting to Rs. 380 lakhs, without resort to further public borrowing. He also welcomed the proposal to take over the management of the Bangalore-Harihar railway line, a distance of 200 miles, under Government control by the end of 1937. It was also praiseworthy that the new agreement entered into with the Gold Mining Companies was very favourable to the State, and would result in steady increases to its revenues.

He next expressed grateful thanks to His Highness the Maharaja and the members of the Royal Family for the generous contribution of Rs. 1,36,000 made by them in order to help the State to tide over the present difficulty. Similarly, it was but right that officers of Government also should continue to forego a small part of their salary. But he could not agree with some members who suggested drastic cuts. Any such action would certainly affect the purity and efficiency of the services.

Alluding to the remark made by one of the previous speakers that a portion of the grant of Rs. 50,000 made for drinking water wells for the current year had been allowed to lapse and that a greater provision was necessary, the speaker stated that in addition to Rs. 48,000 actually spent under that head, a sum of Rs. 40,000 was spent on tube wells so that the expenditure under drinking water wells was nearly a lakh of rupees. Still, even that was not quite

sufficient, but the question of making better grants depended upon the funds available. And while admitting the need for more schools, more hospitals and more wells in various parts of the State, he drew the attention of the House to the sympathetic references made in the Dewan's Address which implied an assurance that with the improvement of the finances of the State, additional funds would be made available to meet them.

MR. BELUR SRINIVASIENGAR prefaced his remarks by saying that the budget was a deficit one. If, by any chance, the windfall referred to in the Dewan's Address was not realized, there would be a fall of Rs. 16 to 17 lakhs in the revenues. This, he feared, would be the actual case. A study of the figures for the past ten years would show that the revenue of the State had increased by Rs. 23 lakhs and the expenditure by Rs. 22 lakhs. During the latter part of that period, there was also a saving of Rs. 10 lakhs per annum due to the reduction of the subsidy and an increase of Rs. 12 lakhs under Gold Mining revenue. And yet, no general remission had been given in the matter of land revenue. This would have been easily possible, if only the financial policy of the Government had been liberalised. In 1924-25, Forest revenue amounted to Rs. 34 lakhs apart from the income from sandal oil. When the Sandal Oil Factory was started, the understanding was that the income derived from it should not be mixed up with Forest revenues. But it was regrettable that as years rolled on, the sale proceeds of this oil came to be mixed up with normal revenues. The inevitable result was that it told upon the budget. The same thing had happened in respect of the income from the Krishnarajasagara Hydro-Electric Works. In 1924, the income under this head was Rs. 29 lakhs and it rose to Rs. 33 lakhs because electricity was paying. Relying on this increase, the then Dewan said that he would balance the budget within 3 years thereafter. But contrary to his assurance to the Assembly, this income was mixed up with the normal revenues in the very next year. So, unless a bold step was taken with a view to liberalise and lay down the financial policy, the speaker was sure that the State's finances could not be stabilized.

There were years when the losses incurred on the Iron Works amounted to Rs. 7 lakhs or more but it stood at Rs. 2 lakhs at the present time. This showed that the Government were doing their bit to reduce the losses; but it looked as though much more remained to be done in that

direction. The question whether this was possible or not had to be examined by the Government and their own attitude in the matter made known definitely.

For the Irwin Canal Works, Government had spent one crore of rupees out of borrowed capital. At first, they had hopes of discharging this debt by deriving increased revenue in view of increased facilities afforded. With that object in view, they had enhanced the taxes on land and collected heavy contributions from the raiyats and forced them to take to sugar-cane cultivation; but recently, they started the Sugar Factory and themselves subscribed for a major portion of the shares, so that the increased income expected under land revenue was not realizable. This shows that no policy was consistently followed by the Government in such vitally important matters.

Coming down to the present day, the Government had taken credit for the income from the excise duty on sugar as part of normal revenues, against all recognized principles. In the speaker's opinion this had been done only with a view to balance the budget. Such extraordinary receipts should be funded separately for meeting unforeseen items of expenditure. In former years, the budget contained a head called "Special Reserve for Non-recurring Expenditure" to which revenues of an uncertain nature were being credited. But that head had now disappeared and it was not known on what exact data the financial calculations were being made at present. The only thing that was evident was that as a result of the undefined policy pursued so far, expenditure went high, deficits increased, reserves were used up, and yet budgets were not balanced. Thus it was impossible for the Government, even if they were willing, to grant any relief to the suffering raiyats. Even if the Dewan was inclined to show some concessions, his Secretaries would stand in the way by pointing out bad precedents. All the same, in order to fulfil the promises made in the Assembly and elsewhere, the Government would rest content by showing some minor concessions by way of remission of notice fees, process fees, etc. But they were infinitesimal and gave really no relief. What the raiyats wanted were not these but some substantial relief by way of reduction in land assessment.

Though the Revenue Commissioner had acknowledged in his Administration Report that the raiyats were suffering hardships on account of the continued fall in prices, the land revenue budget for the coming year had been pitched very high. There was no guarantee of realizing all the anticipated

revenue, in view of the greater need for relief to agriculturists. He appealed to the statesmanship of the Dewan and the Members of Council for ordering a substantial measure of relief to the raiyats in the matter of assessment, even if it should result in a deficit budget.

MR. NILGIRI G. SANJEEVIAH, in reviewing the budget, said that he did not agree with the previous speakers who had congratulated the Government on the presentation of a so-called surplus budget. He wanted to know in what respects real progress had been achieved by Government in the past few years. Instead of unduly rejoicing on the windfall of Rs. 18 lakhs for which credit was taken, he was inclined to deplore that Rs. 78 lakhs was being paid by way of interest charges on State Loans. The Government's calculations were based on uncertain revenues like increased amount of royalty from the Gold Mines, as the price of gold might fall any day. If this really happened in the days to come, he asked how the Government proposed to balance the budget under discussion.

So far as the expenditure side was concerned, he did not notice any substantial decrease. For example, as against the percentage cut in salaries, the officers were given promotions. So, Government had not reduced the expenditure under that head appreciably. Even for the current year, Government had first shown a surplus budget; but in the course of the year, they had obtained sanction of the Legislative Council for an additional expenditure of Rs. 21½ lakhs under various heads. This showed clearly that the figures in the provisional budget were not at all dependable.

Under Land Revenue, an additional income of Rs. 2½ lakhs had been anticipated. This showed clearly that instead of giving relief to the raiyats who were undergoing untold miseries, Government were bent upon collecting the land revenue by coercive processes. Under the guise of helping the raiyats, Government had introduced the Agriculturists Relief Regulation which had resulted in depriving them of credit facilities in the locality, besides harassing the creditors. If really the intention was to help the raiyats, Government ought to have budgetted for a lower figure under Land Revenue.

The speaker next invited the attention of Government to the weighty words of Mr. Vijayaraghavachariar expressed at the Swadeshi Exhibition held that morning that provision of compulsory education was an obligatory duty of every civilized Government, and deplored that Government had not

increased the grant for primary education. Government were running costly institutions like the University more for the sake of advertisement, though no one in the rural parts thanked the Government for it. Government had not kept up their promise of giving additional grants in case an educational cess was levied from the people. The expenditure on backward class scholarships was steadily decreasing every year and it looked as though the department was trying to show savings even out of sanctioned grants under Scholarships.

THE DIRECTOR OF PUBLIC INSTRUCTION corrected the speaker by stating that the savings under that head might come to about a thousand rupees and that this was due to causes beyond the control of the department such as absence of students, or deaths coming to notice late in the year.

Lastly, MR. SANJEEVIAH referred to the scheme of All-India Federation and said that Mysore should agree to join the Federation only on the understanding that it would be treated as equal in status to the British Indian Provinces and that even if Mysore subjects did not secure more independence, at least the existing rights and liberties should not be curtailed.

MR. M. A. GOPALASWAMI IYENGAR observed that it looked as though Government were bent upon balancing the budget at any cost, without considering how far the people were able to bear the burden of taxation. Secondly, there was nothing to show that Government had made any serious attempts at improving the earning capacity of the people. As regards the normal expenditure, it should be seen whether all the items provided for were useful to the people and would make for their economic progress. Viewed from these canons, he was not convinced that the surplus of Rs. 1,32,000 shown in the budget estimates was either satisfactory or justifiable.

Some members had already remarked that this was not a surplus budget but really a deficit one because Government had utilized Rs. 5 lakhs from the Reserves for balancing it. He was inclined to agree with that observation; for, it was not financially sound to use up Reserves for meeting items of normal expenditure.

THE FINANCIAL SECRETARY TO GOVERNMENT explained that it was not right to say so because no reserves which had been ear-marked for any particular purposes were proposed to be used up and the items drawn from did not constitute "Reserve Funds" in the technical sense. They

were ordinary items of revenue shown under the head Reserves merely as a matter of classification. They comprised interest on famine insurance amounting to Rs. 3 lakhs and revenue from petrol tax amounting to Rs. 2 lakhs, which were ordinary items of revenue accruing every year.

MR. GOPALASWAMI IYENGAR, proceeding, observed that all items shown under receipts must be of a recurring nature. Certain items in the budget did not, however, appear to be of that nature. The Dewan himself had characterized the mining revenue and the income from the duties on sugar and matches as windfalls. There was a possibility of the All-India Federation becoming an accomplished fact in the near future, and when that happened, the excise duties on sugar and matches would become part of the federal taxes and the State might then have to forego all the income under those two heads. As against that, it might be argued that the subsidy might be wiped out by then; but he feared that it might not altogether go at the beginning itself since the State might be required to contribute it in some other form. If the price of gold should fall, it might not be possible to get a revenue of Rs. 10 lakhs from the gold mines. Again, the State could not be sure of a definite annual income after the retrocession of the Civil and Military Station. Bearing all this in mind, it was not safe to show a surplus budget, depending upon such unstable items of revenue.

In his report on taxation in Mysore, Mr. N. S. Subba Rao had stated that the maximum taxable capacity of the raiyat had been reached, that no new taxes could be imposed and that the only means of adjusting the finances lay in getting the subsidy abolished and securing a share in the customs revenues of the Government of India. He had also stated that the burden had not been equally distributed and that it was weighing most heavily on the poorer classes. In spite of it, the incidence of taxation was slowly on the increase from year to year. On the one hand, several items had been enhanced such as income-tax, school fees, process and stamp fees, motor tax, etc.; the concession of half rates for stamp duty in respect of transactions of co-operative societies was also taken away; new taxes had been imposed in the shape of entertainment and betting taxes; and from the next official year, the excise duties on sugar and matches would come to be levied. On the other hand, the prices of food-grains had fallen by more than half and since land revenue had to be paid in cash, the raiyats had to sell twice

the usual quantities of crops for realizing the required amount of cash. This meant that the raiyat would have little or nothing left for the maintenance of himself and his dependents. He thus stood in need of relief; and this was why resolutions were being moved in both the constitutional Houses for a remission of 25 per cent of land revenue.

Continuing, the member suggested that utilitarian works should be undertaken and developed on a socialistic basis and that, with the profits thereby earned, the amenities of the people should be increased without fresh taxation. Economists had laid it down that the income of a State under land assessment should not exceed 10 per cent of the total revenues, and the speaker commended the same for the consideration of Government.

Having introduced the Agriculturists Relief Regulation, it was the duty of the State to create credit facilities to the poorer raiyats by providing more funds for granting takavi loans and loans to be issued through co-operative societies and land mortgage banks. As regards the reference made in the Dewan's Address to the Reserve Bank Act of the Imperial Government, he wanted to know what arrangements had been taken up with a view to get the Mysore Apex Bank declared as a constituent bank. As at present proposed, land mortgage debentures or co-operative securities relating to Mysore might not be negotiated by the Reserve Bank. He requested the Government to take up the question immediately with the Government of India.

MR. K. P. CHANNABASAVIAH thanked the Government for having sanctioned large irrigation works in various parts of the State with a view to help the agricultural classes and for having undertaken large industrial works. But he requested the Government to bear in mind that the one source of revenue for expenditure on all those things was land revenue which was paid by the poor raiyat and to judge for themselves how far they had acted to improve the condition of the raiyat, which was most deplorable. He did not know why Government were concentrating all their attention on the improvement of big cities, neglecting rural areas.

For Tank Restoration, only Rs. 14 lakhs had been provided in the budget. This amount was too inadequate and required to be enhanced. It was not clear from the budget estimates how much of this was meant for major tanks and how much for minor tanks. It was better if the amounts were clearly stated separately. In a large number of cases, entire *atchkats* of tanks were not receiving

necessary supplies of water, because the tanks had not been repaired or restored for several decades past. In many cases, contributions paid by the raiyats had been returned to them because Government could not find their share of the cost. There were still worse cases where neither the work was undertaken nor the contributions returned. He requested the Government to provide the necessary funds to carry out all the works for which contributions had been received from the raiyats. He also prayed that until such time as prices improved, adequate provision should be made every year for granting land revenue remissions on a liberal scale.

MR. DONDE GOWDA drew special attention to the need for granting land revenue remissions. Government did not seem to take the innumerable representations of the various representatives of the people in this respect very seriously. For the past two or three years, harvests had not been satisfactory and even during the current year, for want of timely rains, lands had not been sown in several parts of the State. The raiyats were thus in a miserable condition and yet the revenue authorities were freely having recourse to coercive processes. They never seemed to realize the fact that the raiyats could not afford to pay assessment at the prevailing rates.

In this connection, the member also stated that the position of the raiyat had been rendered harder, particularly after the District Boards were brought into being. Any number of toll-gates had been opened in each area and *jatras* were held more frequently with a view to add to the income of the local bodies. The result was that tolls were levied from the people at very short distances and they were tired of paying them. Even very small purchases were not exempt from the heavy octroi duties.

One other point to which the speaker drew attention related to the touring and inspection work of officers. He regretted that touring officers as a class had given up the practice of visiting the interior parts and keeping themselves in touch with raiyats. They expected the raiyats to meet them at the travellers' bungalows and the village officers were expected to carry village account books and other papers to any places where they camped. So, there was nothing like inspection of village and inter-village roads and so nobody was interested in maintaining them in a good condition; and the result was that beautiful and useful avenues had become things of the past and all cultivable lands were actually overgrown with *lantana* or other rank vegetation. For example,

many of the raiyats in the Channarayapatna Taluk had been ruined on this account, and they were all flocking at Bhadravati and living upon the pittance of a wage that the Iron Works gave them.

In conclusion, the member appealed for the grant of land revenue remissions at least during the current year and for the abolition of octroi duties levied at shandies. If these facilities were not afforded, he was afraid that a large number of raiyats who had stuck to Mysore soil from time immemorial would be forced to give up their lands and emigrate to foreign lands in quest of bare subsistence.

At this stage, the Assembly adjourned for lunch and reassembled at 3-30 p.m.

MR. K. V. VEERANNA made the following observations :

(1) The grant to village panchayets was very inadequate and should be increased.

(2) For want of suitable buildings many middle schools had to be located in rented buildings. Adequate provision had therefore to be made under building grants.

(3) No allotments having been made for the last two years for constructing additional dispensaries, sufficient funds should be provided at least next year so that a few new dispensaries might be constructed.

(4) Funds should be provided for the electrification of ChamaraJanagar Town for which no provision had been made in the budget under consideration though the question was being pressed on the attention of Government for the last two years.

(5) As charges under Pensions had been increasing from year to year, arrangements should be made to reduce the charges ; otherwise, in the course of a few years these might reach an alarming figure. As an alternative to the grant of pensions, the system of giving lumpsum bonuses at the time of retirement of officers might with advantage be considered.

(6) Consequent on the extension of the Agriculturists Relief Regulation to the Maidan district of the State, very many poor raiyats had been put to a lot of difficulties as their credit had suffered completely and the relations between creditors and debtors had also been strained. In these circumstances, it was necessary to withdraw the order extending the Regulation to the Maidan districts.

(7) Owing to trade depression and other adverse economic causes, the raiyats were utterly unable to pay land

revenue and were allowing their lands to be auctioned out. The situation was really grave and would go out of control unless the Government came to the rescue of the raiyats immediately by reducing the land assessment by at least $6\frac{1}{4}$ per cent.

MR. A. VENKATESIAH, who spoke next, characterized the budget as a deficit budget and pointed out that Government had anticipated large receipts under Excise, Income-tax and Stamps without reasonable data. The economic position of the raiyats which had been adequately appreciated by the Dewan himself in his Opening Address was such that in all probability the expectations of Government under these heads could not be realised. Further, to a question by Mr Puttaswami as to what the income under Stamps was from January to March 1934, after the extension of the Agriculturists Relief Regulation to the Maidan parts of the State, and how it compared with that in the corresponding period of the previous year, the Government had replied that there was a fall in the revenue to the extent of about Rs. 19,000. January to March was the period in which the raiyat had cash in hand, and the fall in income during such a time clearly showed what his economic condition was. The raiyat was already groaning under a heavy burden of taxation, and any slight addition to it would mean his complete break down; it would then be impossible to save him. Such being the condition of the raiyat, the speaker did not know how the Government were expecting to realise larger receipts from land revenue or any other source.

On the expenditure side of the budget, the Government seemed to have allotted funds without due regard to actual requirements. For instance, the grant to the University should not have been curtailed by as much as Rs. 50,000. At this rate he did not know how the object with which the University was started could be achieved.

He next requested that the profits or losses of industrial concerns should be shown separately and not mixed up with the general revenues. If they were shown separately, how far an industry was successful, whether the return from it bore an adequate proportion to the expenditure on it, etc., could be known. He was of opinion that all profits derived from industrial undertakings should be funded separately. The revenue of Rs. 2 lakhs and odd which the Government expected to realise by the levy of the excise duty on sugar should accordingly not be mixed up with the general revenues as, otherwise, there was the danger of using it-up for meeting

normal expenditure. On the other hand, if a fund was constituted and all the profits were transferred to it, it would make for the industrial development of the country.

SRIMATI SAKAMMA earnestly pleaded for enhanced grants under Education. As regards high school education, she pointed out that there was a great disparity between the allotments for boys' schools and girls' schools, and requested that it should be rectified as early as possible.

With regard to the levy of school fees from girls in high schools, she said that the receipts did not amount to much and could not be of any great use to the Government. She therefore pleaded that the levy be abolished.

She next pointed out that there was a great disparity in the allotments between middle and primary schools for boys and those for girls. While Rs. 5,50,400 and Rs. 15,800 respectively had been provided for middle and primary schools for boys, only Rs. 60,000 and Rs. 2,600 had been provided for middle and primary schools for girls. The number of girls in the lower schools was at least half that of boys and it was but reasonable that the allotments for girls' schools should be increased adequately to admit of a larger number of girls receiving education. She was of opinion that unless a vast majority of girls, if not all of them, became educated, the State's prosperity would not be ensured.

She regretted that while a small provision of Rs. 2,100 had been made for Hindustani primary schools for boys, no provision at all had been made for Hindustani primary schools for girls.

She also requested that the allotments under medical scholarships for women be increased so that in course of time there might be more lady doctors, compounders and midwives.

SRIMATI KAMALAMMA DASAPPA also drew the attention of Government to the scarcity of water facilities in villages. The State Women's Conference, which was interested in the education of girls in villages, once sent its representatives to tour some villages. They were informed in a certain village that due to want of water facilities children could be given a bath only once in four days, women once in a week and men once in a month. When thus the foremost need of all persons, *viz.*, water, was not available in the villages, she did not know how far institutions like the Red Cross Society could carry out maternity and child welfare work in those places. In her opinion, electrification of towns and villages, to which

so much attention was being paid, was not so urgent as provision of drinking water wells in villages. She therefore earnestly requested that adequate funds should be provided for this purpose. She next requested that a Science Section be opened in the Maharani's College at Mysore. A few lady candidates had joined the Central College at Bangalore but as this place was not very convenient for them, some had given up studies. She then reminded the Government of her request made on previous occasions for the appointment of a non-official lady member to the Executive Council. Lastly, she requested that officers should tour the interior parts of the State by walk and not in their cars, so that they might get to know more of the difficulties of the villagers.

MR. H. K. MADAIYA observed that ever since he became a member of the House he had been pressing the Government to provide funds for a bridge across the Shimsha river near Malvalli. But his request had not yet been complied with. The District Board could not provide funds for the purpose owing to their poor finances. The bridge was an absolute necessity since all traffic between the Bangalore and the Mysore Districts had to pass through that road; and for want of a bridge, hundreds of people were being drowned every year. There was an earnest hope that a bridge would be sanctioned without further delay, and it was also agreed that the bridge when constructed should be named after the present Dewan. The member therefore requested the Government to provide sufficient funds and carry out the work at least in the budget year.

He also pleaded for reduction of land assessment.

He next observed that the Agriculturists Relief Regulation should have been extended to all parts of the State only after the establishment of land mortgage banks in all taluks and that, if it was not possible to establish them in the immediate future, at least a suitable provision should be made in the budget for granting land improvement and takavi loans on a liberal scale.

He concluded with an appeal to Government to give local self-governing institutions fuller opportunities for administering their own affairs without undue interference from officers of Government.

MR. K. SUBBA RAO observed that although innumerable representations were made for the reduction of land assessment, they did not appear to have appealed to the heart of the Government. On the other hand, taxation measures and coercive processes were on the increase. The

prices of commodities had fallen materially and it was not possible for the heavily indebted raiyats to meet all the demands. As regards land assessment particularly, he requested that more time be given for payment and notices issued only at the end of June, because if notices were once issued, notice fees would have to be paid in addition to land revenue. He then represented that though no fresh railway programme had been taken up in certain districts, railway cess was being collected and requested that in all such cases the levy of the cess should be discontinued. He also requested that irrigation cess should altogether be abolished and that more grants be provided under takavi and land improvement loans. Lastly, he brought to notice that in some places two or more toll-gates were located within very short distances and requested that some of them should be abolished.

MR. M. SUBBIAH observed that the budget was not really a surplus budget as the Government had inflated receipts under several heads of revenue. It was not known how far the budgetted figures would be realised actually. For instance, within three months after the extension of the Agriculturists Relief Regulation, the stamp revenue had fallen by as much as Rs. 20,000 and unless the order extending the Regulation was cancelled he thought that the Government's anticipations in respect of this revenue would materially miscarry. Of course, as stated by the previous speakers, the establishment of land mortgage banks in all taluks would give some relief to the needy raiyats. But, so far as the Maidan districts were concerned, he would very much prefer the withdrawal of the order.

Proceeding, the member requested (1) that the grant of Rs. 40,000 provided for the improvement of towns and minor municipalities be increased and a special allotment made for the improvement of Seringapatam, and (2) that a remission of at least 12 per cent of land revenue be made on the Amildars' own initiative, without waiting for applications from individual agriculturists and that Amildars be given power to grant remissions themselves in all deserving cases without having merely to recommend remissions and await orders.

MR. S. C. MALLAIYA was glad that the budget estimates showed a surplus. But he thought that the surplus was mainly due to the gracious contributions from His Highness the Maharaja's Privy Purse and members of the Ruling Family as also to extra revenues anticipated from the levy

of excise duties on matches and sugar. He pointed out the inadequacy of the grants for moral and material developments. The grants for primary and middle school education particularly were inadequate. Although education cess was being levied in all places, invidious distinctions had been made in the matter of location of schools. The percentage of expenditure on education in Mysore was far below that in other sister States like Travancore and Cochin where even education cess was not being levied. When the Elementary Education Regulation was introduced, Government promised to give their quota of three-fifths of the cost of new schools in every case in which the local bodies were prepared to give their own quota of two-fifths. The District Boards felt elated at that time because the responsibility of finding ways and means to provide a large number of schools was transferred to them. But now when they were actually prepared to give their quota, the Government were pleading inability to pay their quota. This had led the local bodies to doubt the sincerity of Government in the matter of expansion of primary education. Last year this point had been discussed at length and the Government had promised to give adequate help this year. But this had not been done. He hoped that it would be done at least during the coming year.

He also pointed out that the usual grant of Rs. 4,000 for Educational Supervisors had not been provided in the budget year. He was of opinion that there was no use of giving large sums as building grants unless the grant for Educational Supervisors was also made.

He next observed that no provision had been made for the opening of new veterinary dispensaries and general hospitals. He requested that wherever the local bodies agreed to bear their quota, Government should invariably give their own quota, so that medical relief could be provided in as many villages as possible.

With regard to land assessment, he regretted that at a time when further concessions were being pressed for, Government were withdrawing some of the concessions already given. Even in places where remissions had been ordered, the local authorities were collecting the entire demand. How far the people were subjected to hardships and difficulties on this account did not require to be explained. He requested that such concessions as had already been ordered should be actually shown and that Government should also give a remission of land revenue at least as a temporary measure.

The recent extension of the Agriculturists Relief Regulation to all parts of the State was, in his opinion, most inopportune, and its application to the Maidan parts at any rate should be withdrawn forthwith.

It was also not clear why in their anxiety to help the indebted agriculturists the Government should make the creditors suffer. This was the most unjust portion of the Regulation in question. Instead of doing so, if the Government had enlisted the sympathy of the money-lenders, they would have co-operated with the Government and suggested ways and means of helping the agriculturists.

Enough provision should be made to afford drinking water facilities in rural parts.

Certain retrenchments had been ordered but there was still room for further retrenchments without sacrificing efficiency. He suggested that this question should be gone into again earnestly and all possible efforts made to find funds for granting all the concessions to the agriculturists for which there was a clamour from all parts of the State.

MR. L. VEMA REDDY thanked the Government and the Dewan for their efforts to get more income from gold mining industry and other sources. He then said that the requests made by many of the previous speakers that enhanced grants be provided for various things deserved sympathetic consideration. But this was all a question of funds; and funds could be found by further retrenchments, for which there was considerable room yet. And to investigate the question thoroughly, he suggested that an expert committee of officials and non-officials be appointed.

Continuing, he said that the condition of the raiyat was really deplorable. Perhaps the Government might be doubting that position because the number of darkhast applications was high as also the percentage of land revenue collections. But then it was necessary to remember that for every pie paid, the raiyat had shed many tears of blood. And if the collections had improved, it was due to the coercive measures adopted by the Amildars and other subordinate officials under a false impression that improved collections would fetch them improved prospects. Government should also remember that on the prosperity of the individual raiyat depended that of the State as a whole.

He next pointed out that many important roads in the Kolar District were in a state of disrepair. For instance, the Malur-Kolar road required early improvement and he requested that funds for the purpose be provided in the budget under consideration.

In conclusion, he prayed that larger grants be given for the improvement of town and minor municipalities, for drinking water wells in the villages and for opening primary schools in as many villages as possible.

At this stage, MRS. P. G. D'SOUZA thanked the Government for having granted representation to her constituency, *viz.*, the Catholic Association of Mysore, on the Assembly and promised the best co-operation of the Catholic Christian community with the Government.

MR. S. K. VENKATARANGA IYENGAR observed that it was not a surplus budget as had been described by the Financial Secretary but in fact a deficit budget. He also agreed with the previous speakers that the provision made for moral and material development was very inadequate. This was especially so in the matter of education. Without education no country could progress. Similarly, the expenditure under agriculture and agricultural experiments was very meagre, and more funds should be provided under these heads as well as for opening more veterinary dispensaries. The expenditure under industries and commerce came to less than $\frac{1}{2}$ per cent and that under co-operative societies about $\frac{1}{3}$ per cent of the total revenues of the State. On the whole, under moral and material development, less than 17 per cent was provided,¹ which was very inadequate.

While thus the grants for certain nation-building departments were very inadequate, those for other departments seemed too liberal. For example, as against a very meagre provision under Medical and Public Health and Public Improvements, nearly Rs. 55 lakhs were spent on Army and Defence including Police; and while the grant to Public Works Department had been reduced by about Rs. 6 lakhs in the budget year, that for the Police Department had been materially increased.

He next pointed out that in some departments wasteful expenditure was still going on and suggested that it should be located and put an end to. For instance, in the Electrical Department, the working expenses came to as much as Rs. 18 lakhs while the revenues were only Rs. 51 lakhs. Thus, nearly one-third of the revenue was eaten away by the working expenses. These should be reduced without delay. The rate charged for electricity supplied for domestic consumption was very high considering that natural power was generated near at hand locally. Bombay, for instance, had not got such natural power and yet the rate there was either

equal to or less than that here. In the speaker's opinion the rate here must be reduced substantially.

He also stated that it did not look as though the department followed any set rules of procedure in the matter of the levy of charges for power supplied. While the Kolar Gold Field was charged less, the City Municipalities were charged more. He observed that such invidious distinctions were not desirable.

He was also of opinion that there were more officers than necessary in the Electrical Department. The Chief Electrical Engineer himself being a technically qualified man, there was no reason why he should have a number of technical assistants. If these assistants were considered necessary, there was perhaps no need for a costly Chief Electrical Engineer. On the whole, the expenditure of this department was disproportionately high and there was plenty of room for retrenchment.

Referring to the grant for Public Improvements, he said that the Government had provided for the Bangalore City Municipality only Rs. 45,000, of which Rs. 30,000 was used up on account of water supply improvements. There was thus only Rs. 15,000 available for all other improvements. The municipality would be perfectly justified in asking for a larger subvention for road maintenance, because a lot of through traffic from parts of other districts passed through some of the city roads. But they would be quite contented if at least the actual expenditure incurred on the maintenance of these roads was granted by the Government. He also did not think it justifiable that the grant for Bangalore City improvement should be less than that provided for Mysore City improvement.

In conclusion, he suggested that the grant for primary education which had remained static ever since the present Dewan took charge of the administration should be increased.

At this stage, the House adjourned for the day to meet again at 12 noon the next day.
